

I am writing to express my strong opposition to the proposed merger between Sirius Satellite Radio and XM Satellite Radio. A merger would be a disaster for competition in the marketplace and would almost certainly mimic the well-documented failure of terrestrial radio deregulation which has now been proven beyond a doubt to have reduced consumer choice, diversity of programming and local content on "the people's airwaves."

XM and Sirius are natural competitors and allowing them to combine will result in even more mediocrity in American radio - something which we are currently getting more than enough of from terrestrial radio outlets. They may claim to compete against iPods but that is ludicrous. I challenge you to find a radio programmer on the planet who can tell you how to program against someone's iPod. XM and Sirius are unique in many ways and they can only logically compete against each other.

And there may be similar music formats on both services but they are not the same and - if you'd ask a few subscribers why they picked Sirius over XM or vice-versa this would be obvious. Unfortunately, reading the press about this proposed merger, we're not hearing very many of the millions of satellite radio subscribers who choose one service over the other because of differences in programming. All we seem to hear in the mainstream media are quotes from satellite radio executives, financial analysts and others who have large amounts of satellite radio stock.

Well when I was deciding whether or not to subscribe to satellite radio and which service to subscribe to - stock prices didn't enter into my decision-making process at all. I decided to get a Sirius radio and subscription because I love their Chill channel. Yes, XM has a chill channel too (XM Chill) but it's not as good as Sirius' Chill. To the casual listener they may sound the same but to people like me - people who shelled out \$200 for a radio and pay \$12.95 every month to hear quality programming instead of the crap on terrestrial radio - there is a clear difference between the two. And I don't want the channels I love on Sirius to turn into generic, passionless radio stations full of advertising and mediocre music just because Mel Karmazin wants his stock to be worth a few million dollars more.

Anyone can see the only way this merger is going to be approved is if the regulators close their eyes, ignore the facts and sign on the dotted line. The arguments against the merger are logical and compelling. These two companies will eventually turn a profit. Sirius narrowed their losses by nearly 400 million dollars this past quarter! With subscribers still signing up at record rates only acts of severe and criminal mismanagement could bring one of these companies down.

Frankly I look at all the money Sirius is spending to try and force this ill-conceived pairing through the DOJ and the FCC with disgust and dismay. Who knows how many millions of dollars and hundreds of hours have been wasted on this adventure. Time and money that could have been spent on signing new talent, improving the technical quality of their equipment and improving the quality of their programming. I know the DOJ is going to rule on this before the FCC does and that you will probably

go along with whatever they decide. But if they do approve this merger, it will fall on you to do the right thing and stop Sirius and XM from shooting themselves in the foot and punishing their loyal subscribers with lousy programming, higher rates and advertising on the currently ad-free music channels.

And let's look at the issue of advertising on the music channels for a moment.

If you remember, a few years back, when Sirius and XM first started to tangle it up in the marketplace, Sirius went out of their way to pound away at XM for having advertising on some of their music channels. Every Sirius advertisement contained the same message: Sirius is the only satellite radio service with 100% commercial free music. Well it didn't take long for XM to start feeling the heat and - in a perfect example of how competition works - XM dropped the advertising on their music channels. With no competition - how long do you think it will take for those ads to creep back onto music channels? It's not like there will ever be another satellite radio company to keep a combined Sirius and XM honest. The ridiculously high cost of entering the market (designing, building and launching satellites, designing radios, making deals with car companies, building studios, hiring talent - the list goes on and on) - not to mention the lack of available radio spectrum bandwidth - will effectively keep any potential new competitors from showing up. This is not a market where anyone can just buy a frequency and start selling subscriptions, as you well know.

Sirius and XM should not be allowed to merge and we expect you to do the right thing and stop this merger if the FCC has to make a ruling.

Well that's all I wanted to say. This is a letter from a real satellite radio subscriber - not some major investor. And I'm asking you to block this merger. Not just because the licenses you gave out to XM and Sirius specifically forbid a merger - but because it is so clearly not in the public interest.

Sincerely,
Paul Cianelli
Columbus, Ohio